

Message Text

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47

ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 SSO-00 INRE-00 NSCE-00

USIE-00 AID-05 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 /087 W

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O R 221335Z JAN 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 5289

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

UNCLAS ROME 01066

PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: ITALIAN EXCHANGE MARKET DEVELOPMENTS

REF : A. ROME 971

B. ROME 976

1. AS OF 1230 JANUARY 22 ROME TIME, HEAD OF BANK OF
ITALY FOREIGN EXCHANGE OPERATIONS GERONSI TOLD TREASATT
THAT EXCHANGE MARKET ACTIVITY WAS STILL FAIRLY LIGHT, AND
DOLLAR/LIRA EXCHANGE RATE STILL NOT SETTLED DOWN AT STABLE
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LEVEL. MARKET OPENED EARLY ON JANUARY 22 IN RANGE 715-720,

ROSE TO MAXIMUM 743-748, AND IS CURRENTLY IN RANGE 730-735.
UNDERSTAND THAT 730 RATE ALSO PREVAILING NOW IN ZURICH AND
FRANKFURT.

2. DR. GERONSI SAID THAT VOLUME OF TRANSACTION STILL FAIRLY
LIGHT, AND BANKS ARE BEHAVING WITH GREAT CAUTION. MANY OF
USUAL SELLERS AND PURCHASERS OF EXCHANGE ARE REMAINING OUT
OF MARKET PENDING CLARIFICATION OF POLITICAL SITUATION AND
STABILIZATION OF RATE SO THAT THIN MARKET IS LEADING TO
RATHER WIDE FLUCTUATIONS AND EVIDENTLY THERE IS SOME SHORT-
TERM SPECULATION GOING ON. GERONSI WAS AWARE OF NO DECISION
ABOUT TIMING OF BANK OF ITALY RE-ENTRY INTO MARKET.

3. HEAD OF EXCHANGE OPERATIONS OF ROME'S BANCA NAZIONALE
DEL LAVORO SAID THAT TOURISTS MAY CURRENTLY BUY LIRE FROM
THE BNL AT 720 LIRE PER DOLLAR. BANK IS ALSO PURCHASING
SMALL AMOUNTS OF LIRE FROM DEPARTING TOURISTS AT ABOUT 743
LIRE PER DOLLAR AND IS ALSO BUYING LIRE FROM ITS REGULAR
CLIENTS AT LATTER RATE SUBJECT TO EVENTUAL FINAL SETTLEMENT
WHEN LIRA STABILIZES.VOLPE

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04 MAY 2006

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